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FISCAL IMPACT REPORT

SPONSOR Larranaga DATE TYPED 02-06-04 HB 385

SHORT TITLE Certain Physician Services Gross Receipts SB _____

ANALYST Taylor

REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|------------|----------------------------|-------------------------|-------------------|
| FY04 | FY05 | | | |
| (2.5) | (26,500.0) | Increasing | Recurring | General Fund |
| (1.5) | (23,100.0) | Increasing | Recurring | Local Governments |

(Parenthesis () Indicate Revenue Decreases)

Relates to: HB 17, HB 154 and SB 179

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

HB 385 provides a gross receipts tax deduction for receipts from the provision of services by a physician, osteopathic physician or podiatrist that are not otherwise deductible.

FISCAL IMPLICATIONS

TRD reports that this bill would exempt approximately \$810 million in gross receipts in 2005. Applying an average gross receipts tax rate of 6.1 percent implies a gross receipts revenue loss of \$49.6 million, which is divided between state and local governments.

This estimate is based on various reports generated by the department, the Census of Healthcare Services in New Mexico and data from the Centers for Medicare and Medicaid Services and financial statements from selected managed care organization.

ADMINISTRATIVE IMPLICATIONS

TRD reports moderate administrative impacts that can be absorbed with existing resources.

BT/dm